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C O N F I D E N T I A L BAGHDAD 001142

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E.O. 12958: DECL: 03/30/2027

TAGS: [ENRG](#) [EPET](#) [IZ](#)

SUBJECT: COUNCIL OF REPRESENTATIVES (COR) OIL AND GAS  
COMMITTEE CHAIRMAN, DR. ALI BELU

Classified By: ACTING ECONOMIC MINISTER COUNSELOR EDWARD KLOTH, REASONS  
1.5 (B) (D)

[11](#). (C) Summary In a March 28 meeting with econoffs, Dr. Ali Husayn Belu, the Chairman of the Council of Representatives (CoR) Oil and Gas Committee, indicated that: 1) the opposition to the framework Hydrocarbon Law did not have sufficient votes to alter the law as forwarded to the CoR by the Council of Ministers; 2) assuming the CoR receives the legislative package in April, the framework law would not be passed by the CoR until sometime in June, since the CoR will need two months to consider the hydrocarbon legislation; 3) the Ministry of Oil (MinOil) reorganization law and the Iraq National Oil Company (INOC) reconstitution law, would be passed by the CoR at the same time as the framework law, because the framework law will facilitate the passage of these two companion laws; and, 4) the CoR will sponsor a conference on the framework law in Dubai on April 6. End Summary

[12](#). (C) On March 28, officers from the economic section met with Dr. Ali Husayn Belu (Kurd), Chairman of the Oil, Gas and Natural Resources Committee in the CoR. Belu,s committee will manage the passage of the framework Hydrocarbon Law, MinOil reorganization law, and the INOC reconstitution law. He surmised that both his committee and the Finance Committee will be responsible for the Revenue Management Law in the CoR. Belu was familiar with the framework Hydrocarbon Law and has been in contact with GOI officials in preparation for the CoR receiving the package of hydrocarbon-related legislation. He said that he does not anticipate any changes to the framework law. He has taken stock of the opposition within the CoR to the framework law and believes that the opposition does not have the votes to alter the draft law as forwarded to the CoR by the Council of Ministers. He does, however, believe that it will take two months for the CoR to pass the package of hydrocarbon laws, estimating that they will be enacted in June. (Note: the framework law is still in the Shura Council, so it is unlikely to reach the CoR before early April.) The spring session of the CoR is now scheduled to recess at the end of July.

[13](#). (C) Dr. Belu had not seen the INOC and MinOil bills, but did not anticipate a problem with the passage of those laws because he believes that the framework law serves as a foundation for these other two bills. Dr. Belu was on shakier ground with respect to the Revenue Management bill. His description of that bill mirrored the Kurdish position that revenue should be apportioned to the regions directly from an account managed by the Central Bank. He was unaware that the initial draft of the Revenue Management bill, written by the Ministry of Finance and currently under review by the Council of Ministers, Energy Committee, would require all oil revenue to pass through the central government budget and be allocated to provinces and regions by the Ministry of Finance, a position that GOI officials oppose.

[14](#). (C) Dr. Belu stated that the CoR would sponsor a

conference on the framework law in Dubai on April 6. He said that the main purpose of the conference was to educate CoR members about the legislation. Most of the speakers would be technical experts and GOI or KRG oil industry officials. He added, however, that the conference was also designed as a media event to counter the accusations appearing in various media that the framework law would allow foreign oil giants to pillage Iraqi oil resources.

15. (C) Post will continue to reach out quietly to CoR Members, mindful that we must move circumspectly because some critics have already tried to label the framework Hydrocarbon Law "Made-in-USA," in order to prevent its passage. (Note: we continue to hear references to the preparation of a hydrocarbon-related tax bill. To the best of our knowledge, however, such a bill has not yet been drafted.)  
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